

somebody out there, wherever, who may have voted "no" will understand, if we are going to have the discipline and force the Congress to make these tough decisions, the balanced budget amendment is very, very important.

And I must say I welcome anyone who wanted to be converted on that issue because I think it is critical. To me it is sort of the centerpiece of all the efforts we are making on both sides of the aisle. It is not a partisan issue. There is a new poll out today indicating that 78 percent of the American people support the balanced budget amendment. I believe they understand probably better than we do that we need the discipline. We need to be able to say to people, Oh, we cannot do that. It is a great idea, but we have a constitutional amendment now for a balanced budget and we cannot start a lot of new programs, which start low and end up in the millions and billions of dollars.

So it is my hope that, before this Congress ends, the balanced budget amendment will be before the States for ratification. It seems to me that is very, very important.

Then just last night, we made a very important downpayment on deficit reduction by cutting \$16 billion in unnecessary Government spending—not over 5 years. The President advocated \$16 billion over 5 years. This year it is \$16 billion in the Senate bill and \$17 billion in the House version. They will go to conference when we return after the recess. My view is that we will have a very tough but a very fair spending reduction proposal to send to the President. I hope that he will see fit to sign it.

We acted swiftly to ease burdens on working Americans, and those who create jobs and opportunities. We restored the tax deduction for more than 3 million self-employed Americans for the cost of health insurance premiums. We eased burdens on job-created businesses by approving the Paperwork Reduction Act. And we took an important first step in regulatory reform by approving a 45-day congressional review of excessive regulations which cost America money and jobs.

The Republican Congress' first 100 days stand in stark contrast to the first 100 days of the Clinton administration. Instead of an explosive action period, President Clinton's first 100 days in office will be remembered for big Government policy bombs, such as the biggest tax increase in American history, including retroactive tax increases and tax hikes on Social Security recipients, and a misguided, unpaid-for stimulus package that would have added billions to the deficit Americans are demanding we control.

And in 1995, while Republicans were reining in Government during our first 100 days, the Clinton administration was at it again, producing a budget that gave up on trying to ever balance the Nation's books. And the President protected Washington's chronic wild

spending by fighting the balanced budget amendment, and the will of the American people.

The good news is, during the next 100 days, the Republican Congress is determined to protect our children, grandchildren, and future generations of Americans by producing a budget plan that will lead to balance budget by 2002. It would be a lot easier if we had that one more vote on the Democratic side, and I do not think anyone in this Chamber would think that it would make it much easier for us to do that if we had that discipline. I really believe that someone will see the light, I hope.

Mr. President, while the focus during the past 100 days has been on the House—and rightfully so—I believe the next 100 days will belong to the Senate, probably maybe the next 100 nights, too. There will be fewer recesses on the Senate side. The House is going out for 3 weeks. We are going out for 2 weeks. We have to catch up.

I do not quarrel with that because the Founding Fathers realized that they needed one body that could move very quickly. They wanted another Chamber where they would be more deliberate and certainly nobody can argue the point that we are very deliberate.

In fact, we deliberate and deliberate and deliberate sometimes. We are not setting any deadlines. And no one expects the Senate to be a rubberstamp for the House. But we will continue to be guided by the common principles of reining in Government, returning power to the people and expanding opportunity.

It is my hope that the Senate will address many of the following issues, putting the budget on a path to balance; welfare reform. That is a big issue, not partisan. It is bipartisan, as it should be. The President says he supports welfare reform; cutting taxes for families. There will be a tax cut, a substantial tax cut measure passed in the Senate; reforming our legal system, regulatory reform, tough anticrime measures, voting on term limits and protecting U.S. interests in U.N. peacekeeping.

Mr. President, on January 4, I walked across the Capitol to the floor of the House because I had never had the privilege of seeing a Republican Speaker. Now I have, and I know I speak for all of my Republican colleagues when I say I like the change. Tonight, Speaker GINGRICH will report to the Nation on the historic first 100 days of the Republican Congress. I look forward to watching, and I look forward to tackling the important work that remains ahead.

Mr. President, I yield the floor.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. COVERDELL). Under the previous order, there will now be a period for the transaction of morning business that will not extend beyond the hour of 1

p.m., with speakers permitted to speak therein for up to 5 minutes each.

Mr. CONRAD. Mr. President, I ask unanimous consent that I be able to proceed for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CONRAD. I thank the Chair.

REPUBLICAN ACTION TO BALANCE THE BUDGET

Mr. CONRAD. Mr. President, this week does mark the final action in the House of Representatives on the so-called Contract With America. This week, there will be all kinds of analysis of what the Contract With America has meant, and I wanted the chance to take stock and share my view as people comment on the first 100 days of the so-called Contract With America.

Let me say, as I said in a speech in January, there are some parts of the contract that are good, some parts of the contract that I strongly support. In fact, we already have two parts of it that have become law—the Congressional Accountability Act that will apply to Members of Congress the laws that apply to everyone else. I support it. We tried to get it passed last year. It is now the law of the land. That is positive; and the unfunded mandates bill, which will make it more difficult for the Federal Government to send orders out to the States to fund something that we deem necessary and appropriate. That had gone too far. We have reined it in through legislation that is now also the law of the land. Those are both positive things, in my view.

When we turn to the fiscal side of the House, when we look at how the Contract With America impacts the long-term economic health of America, quite a different picture emerges. Very frankly, the numbers just do not add up.

The proponents of the contract have said they are going to balance the budget; they are going to cut taxes; they are going to increase defense spending, and it is all going to work.

Mr. President, we heard that same old song back in the 1980's, when the Republicans captured control of the Senate, they had the White House, and they told us they could cut taxes dramatically, increase defense spending, and balance the budget.

What happened? Well, they cut taxes. They increased defense spending, but the deficit and the debt of this country exploded. And now, Mr. President, we are seeing a repeat of that tragic, tragic economic policy for this country. Now we are seeing a repeat, *deja voodoo*. We saw the economic policy of the 1980's referred to as *voodoo economics*, and indeed it was because it told the American people, when we already had a deficit, that we could cut taxes, raise defense spending and somehow it would all add up. It did not add up then, it is not going to add up now, and we ought not to repeat that experience.

That dug a deep hole for America—quadrupled the national debt in this country. Now we are faced with a circumstance in which we see the same sold economic nostrums peddled to us once again.

Mr. President, I think it helps if we look at what is our current circumstance. This chart shows what it would take to balance the budget over the next 7 years. What are the cuts necessary to balance the budget if we do nothing to make the problem worse before we begin to solve it? This chart shows it would take \$1.2 trillion of cuts over the next 7 years to balance the budget.

Mr. President, unfortunately, our friends in the Contract With America, before beginning to solve this problem, have taken the first steps which are to make it worse. It makes no sense. Just this week, they passed in the House tax cuts of \$345 over the next 7 years. So instead of starting by reducing the deficit, they have started by digging the hole deeper instead of starting by filling in the hole.

Mr. President, this chart shows on top of the \$1.2 trillion of cuts necessary to balance the budget over the next 7 years, our colleagues in the House have added \$345 billion of tax cuts over that period, so now we have a hole that is \$1.555 billion.

Mr. President, one might ask: Where are the spending cuts from our friends in the House of Representatives, from those who are advocates of the Contract With America, where are the spending cuts to match the problem that we have of balancing the budget over the next 7 years?

Mr. President, here is what they have come up with so far, \$485 billion—\$485 billion of cuts matched up against the need of \$1.54 trillion necessary to balance the budget over the next 7 years.

Unfortunately, the full picture is even more serious. Let us just go to the next chart because the charts I have shown before this one assume we are going to take Social Security trust fund surpluses to reduce the size of the deficit over this next 7 years.

If instead we were to balance the budget honestly and not be raiding Social Security trust funds to balance the budget, what we find is instead of a \$1.5 trillion hole to fill, we have a \$2.2 trillion hole to fill. We have the \$1.2 trillion of spending cuts necessary to balance the budget over the next 7 years, we have \$636 billion of Social Security trust fund surpluses that will be generated over that period, and now because of House action we have the \$345 billion of tax cuts that they have passed. To balance the budget honestly over the next 7 years we would need a whopping total of \$2.191 trillion.

Mr. President, again, let us see what they have done with the Contract With America in terms of meeting that need. We need nearly \$2.2 trillion of cuts. They have come up with \$485 billion so far. That looks to me like a \$1.6 trillion gap.

Our friends with the Contract With America have a \$1.6 trillion—not million, not billion—\$1.6 trillion credibility gap with the people of America, because if we are going to honestly balance the budget, we are going to close the gap between spending and revenue over the next 7 years, that takes \$1.2 trillion. If we are not going to use Social Security surpluses, that is another \$636 billion, and now they have stacked on top of that \$345 billion in additional tax cuts—nearly \$2.2 trillion necessary to balance the budget over the next 7 years and they have come up with a measly \$485 billion of cuts.

Mr. President, they are not getting the job done.

Now, if we look at the spending over the next 7 years, the projection is that we will spend \$13.2 trillion over the next 7 years.

Remember, we need now, based on the action they have taken over in the House, to save \$2.2 trillion. We are intending to spend \$13.2 trillion over that period of time.

Well, that looks like a manageable thing to do. Look at where the money is going. Interest on the debt, over \$2 trillion. In fact, we are going to spend more on interest on the debt over the next 7 years than we are going to spend on the national defense. We are going to spend \$2.072 trillion on defense. We are going to spend \$2.082 trillion on the interest on the debt.

What are the other big areas of spending? Well, Social Security is the biggest—\$2.894 trillion on Social Security. We have Medicare, \$1.847 trillion over the next 7 years; Medicaid, \$962 billion. So those are real, the big pots of money. And domestic discretionary spending, just over \$2 trillion. Those are the big pots—Social Security, interest on the debt, defense, Medicaid, Medicare, and domestic discretionary spending.

In fact, one of the interesting things you find is in just five areas on the budget, we are spending 75 percent of the money—Social Security, interest on the debt, defense, Medicare, and Medicaid.

But our friends have said, well, there are parts of this that we cannot touch. Obviously, you cannot cut interest on the debt. That is owed. We have to pay that. That is \$2 trillion over the next 7 years. So that is off the table.

In addition, our friends have said Social Security is off the table. We are not going to touch that, because that is the most fundamental contract with America. We have taken taxes from people in order to assure that they receive the benefits they have been promised. That is \$2.9 trillion over the next 7 years. That is off the table.

In addition, in the Contract With America, they have said we are not going to touch defense. It is off the table. That is over \$2 trillion over the next 7 years. In fact, they say we ought to increase defense spending.

Well, when you take Social Security, interest on the debt, and defense off

the table, you have to achieve those \$2 trillion of savings out of about \$6.2 trillion of spending, because we have taken half of the budget off the table.

Mr. President, that means we would have to cut everything that is left by a third in order to achieve the savings. Everything else would have to be cut by a third.

I do not think that makes much sense—cut the highway program in this country by a third; cut veterans benefits by a third, after we made a solemn promise and pledge to them; cut education by a third; cut every nutrition program; every program to make this country a better place, cut them all by a third.

Mr. President, there has to be a better way of going about this. The Contract With America so far is certainly not delivering on its promise to make the economic lives of Americans better. One of the most disturbing aspects of what has been done is to look at how they have targeted the tax benefits.

Because, let us be frank, they have targeted the tax benefits right at the richest, wealthiest people in this country. They have said to those who are at the top, "You get the lion's share of benefits." And they have said to everybody else, "You get the scraps."

Mr. President, let me just make this clear. We have had 100 days of the Contract With America, and the tax plan that they have passed gives 100 times the benefits to somebody earning over \$200,000 as it gives to a family earning \$30,000. If you are earning over \$200,000 in America today, you get an \$11,200 tax cut under what they have done in the other House under the Contract With America.

If you earn over \$200,000, you get an \$11,200 tax cut. If you are a family earning \$30,000, you get a \$124 tax cut. That is nearly 100 times as much going to those earning \$200,000 as to those earning \$30,000.

This is their idea of tax equity. This is their idea of fairness. This is their idea of somehow making America better.

Mr. President, this is the same old trickle-down economics that we have seen before. It is great if you make a lot of money, but it does not do much for you if you are in the middle income in this country.

Frankly, the middle-income taxpayer will really pick up the tab, because we know what happened in the 1980's with this economic theory. The debt exploded, the deficits exploded, and interest rates exploded and, as a result, the things that cost middle Americans money—home mortgage, college tuition—all of those things skyrocketed. So they get a \$124 tax reduction. They will get many times that in increased expenses because of increased interest rates.

Mr. President, this shows the Republican contract. Fifty-two percent of the proposed tax cuts go to the top 12 percent of our population. Taxpayers with incomes of less than \$100,000, 48 percent

of the proposed Republican tax cut goes to taxpayers with incomes of less than \$100,000. The 12 percent at the top, those earning more than \$100,000, they get 52 percent of the benefits.

Again, I think a lot of people wonder: Gee, how is it? I read that in this Contract With America, they had a \$500 tax credit for children. How could it be that a family earning \$30,000 a year only gets \$124 of benefit?

Well, you know why that is true, Mr. President? Because they have played a little trick. They played a little trick in this tax plan. They did not make that credit refundable. And so if you look at what people are paying now and the tax relief they will get, you find that it is a big hoax; it is a big trick.

A family earning \$30,000 gets \$124 of benefits. Those with \$200,000 of income get \$11,000 of benefit. That is fair? I do not think so. I do not think that is what the American people had in mind when they were told there was this Contract With America. I do not think they had in mind, when they talk about a 50-percent cut in the capital gains tax, that 75 percent of the benefit goes to the top 12 percent in this country; and that the other 88 percent of the people in this country get 25 percent of the benefit. I do not think that is what they had in mind.

Mr. President, this last chart shows what is happening to the deficit. I thought under the Contract With America, they were going to balance the budget. But let us look at, after the enactment of the Contract With America, what is happening with the deficit.

Do you know what one finds? The deficit is going up. The deficit is not going down. The deficit is going up.

I thought with this Contract With America, they were going to be reducing the deficit. I thought they were going to be moving toward a balanced budget.

They have now passed the whole Contract With America and the deficit is going up. What happened? What happened? They said in this Contract With America that they were going to reduce the deficits, reduce the debt, and balance the budget.

But after the Contract With America is passed, the deficit is not going down, the deficit is going up. It is because the same old voodoo economics does not add up. It does not add up.

Mr. President, this is going to be pretty sobering for the American people to find out that they put their trust in something and, once again, they are disappointed. It is time for us to honor the most basic Contract With America, the pledge we took to uphold and defend the Constitution of the United States.

That is the real Contract With America that every Member of the House and the Senate have. And we have a duty and an obligation to secure the economic future of this country—a duty and an obligation. We ought to move immediately upon our return to

balance the budget of this country, to do it in an honest way without raiding Social Security trust funds and to secure a future for our children that is as full of promise and hope as what was turned over to us by previous generations.

Mr. President, I think the Contract With America has some good points—congressional accountability, the notion that we are no longer going to put off responsibilities on States that are beyond their ability to pay for. But this economic game plan is bankrupt. It does not add up. It is not fair, and it must be rejected. Then we must turn in a bipartisan way to doing what we all know must be done: to get our fiscal house in order, to get America back on track and to create economic opportunity for the people that we all represent.

I thank the Chair and yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. HUTCHISON). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. COVERDELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. Madam President, it is my understanding that, under a previous order, each Senator is allowed to speak up to 5 minutes.

The PRESIDING OFFICER. The Senator is correct.

BUDGET DEFICITS

Mr. COVERDELL. Madam President, I have been presiding, as you are, over the Senate for the last couple of days, and I would like to make some remarks about what I have heard from the other side, not the least of which we just heard from the good Senator from North Dakota.

First, I will say that the charts that he has described do one thing. They very clearly paint a picture of the enormous financial crisis that our country faces. It was just the other morning that I spoke before the Senate and I pointed out that within 10 years, Madam President—and that puts virtually every American I have spoken with at the table—all U.S. revenues will be consumed by just five things: Social Security, Medicare, Medicaid, Federal retirement, and the interest on our debt. Every dime of U.S. revenue will have been expended by those five outlays in just 10 years. So it is going to be this generation that has to come to grips with this issue.

We cannot pass the baton to anybody else. It is going to happen on our watch. The clock has run out. It will be this generation of Americans that come to grips with this.

But as I listened to the Senator from North Dakota as he was analyzing what our side of the aisle is coming with, he left out a couple salient facts.

The first is that the new majority's budget has yet to be presented. He was talking about the tax cut provisions that have come from the House, but we do not yet have the budget that has been presented from the House or Senate Budget Committees.

I am comfortable that both those committees are going to come with budgets that move toward balance and do not add to the deficit. After all, it was the new majority that had to fight through this body the rescission cuts from the House which were \$17 billion and, as the majority leader noted this morning, on the Senate side late last night, \$16 billion. I might add, that is a stark contrast from what the President came to Washington to do, which was to add \$16 to \$19 billion just 2 years ago straight to the deficit if it had not been defeated by our side of the aisle. So he failed to address the fact that the new budgets have yet to be seen.

The second point he left out is that the only budget that has been given that we have seen has been given to us by the President of the United States. We do have that budget. That budget adds \$200 billion to the deficit for as far as the eye can see. If he had put the President's proposal on his chart, it would have had to have reached clear to the top of the ceiling. The President has totally ignored the deficit—totally ignored it.

The President was in Atlanta just this past week, and the President and the Secretary of the Treasury both said—this is an unbelievable statement—but they both said that the United States is actually operating in an operational surplus. That is a stunning statement from the President, the Chief Executive of the United States of America, that we are actually operating—he told a group of 2,000 students that we are actually operating with a surplus.

He went on to say—asterisk—“that is, if you do not count the interest on the debt.”

Of course, most people I go to work with every day and who live in my hometown and my State recognize that if they go to the bank and they ask for a loan and the loan officer says, “Your financial statement just won't allow the loan,” they would say to the loan officer, “Yeah, but if you don't add all the interest I am paying on my mortgage, I'd be in great shape,” you would either be laughed out of the loan office or thrown out of the loan office.

Madam President, I am just going to leave two points: One, the Senator from North Dakota completely overlooked that the budget they presented is \$200 billion in debt for as far as the eye can see; that this administration, through the budgets that they have offered and the actions they have taken, are doing the equivalent of adding \$2.2 trillion to the debt—\$2.2 trillion to the debt. He left that completely out of his remarks.

And the second point I want to make is you cannot talk about what the new